Play Time: An Introduction

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1 Trade in MMORPG

MMORPG worlds are not just settings for play; they are distinct societies within which characters — and by extension, players — interact. These players act singly or in concert to produce goods. They compete and occasionally fight for resources. And, naturally, they trade.

The in-game exchange of goods is a natural part of MMORPG play. A character's path through the game world is largely a matter of destroying monsters, looting them of powerful or valuable items, and using these to plunder still more dangerous and profitable enemies. It is rare that a character's output exactly matches their wants, and to address this 'problem' (really an intrinsic part of MMORPG design), game worlds include currency systems and other features to facilitate or imitate trade, such as auction channels and computer-controlled merchants.

While many use these opportunities to trade within the game context, others sell game possessions in real-world markets, particularly at auction sites like eBay. A casual survey of such auctions shows surprisingly large sums being paid for game assets, with rare items and quantities of game currency selling for $20 to $100, and well-placed properties for more than $1000. And not only are game items exchanged in real-world markets; often, entire accounts are sold. While some presumably use real-world markets as efficient alternatives to game markets, others use this trade to convert real-world wealth into a game input, and vice-versa. Thus, where most players proceed through the game by playing it, others simply buy their powerful characters and artifacts, starting the race just a few steps from the finish line.

2 Questions

Many fascinating questions are raised by this practice:

- How do game goods come to hold such value for players? What is the source of this value?

  Traditionally, economists concern themselves with the 'problem of scarcity'. Within a virtual world, however, there exists the 'problem of abundance': since game goods (or copies thereof) can be instantiated by developers at trivial cost, why not create vast quantities of them? It has been suggested that — where games are concerned — economic constraints might actually benefit those they affect (Castronova 2002), but this argument is unintuitive, to say the least. Can a better explanation be found?

- The ostensible purpose of buying a game is to play it, so why do some pay for others to play for them? How does the real-world trade in game goods affect play?

This project attempts to answer these questions. It consists of three parts:

- The first, 'Play Time: An Overview of the MMORPG Genre', introduces the MMORPG world and acquaints non-gamers with the nature and institutions of MMORPG gaming. This will hold little interest for experienced gamers and developers.

- The second, 'Play Time: The Problem of Abundance in MMORPG', outlines various wants motivating players and developers, and identifies the economic factors that constrain those wants. It argues that many definitive aspects of MMORPG design work primarily to balance these forces, while at the same time serving the developer's profit motive.

- The third, 'Play Time: Principles of MMORPG Asymmetric Trade', presents a simple microeconomic analysis of 'asymmetric trade'.

3 Conventions

To clarify the focus of this work and to facilitate discussion, the following definitions will be used.

3.1 'Computer roleplaying games'

Three characteristics will define this class of games:

- *Realism*: Play is set within a virtual world that — subject to much artistic license — models physical and social aspects of the real world.

- *Characterization*: Within the game world, players are represented by and act through the agency of 'characters'. Play largely focuses on the increase of these characters' abilities within that context.

- *Persistence*: The characters, items, and settings within the game world are more-or-less persistent.

3.2 'MMORPG'

'MMORPG' will describe computer roleplaying games that are 'massively multiplayer' — i.e., that support thousands of active players concurrently. As of 2004, all games meeting this criterion are commercial products. While not definitive *per se*, the commercial nature of MMORPG has important implications for the genre, as will be demonstrated.

3.3 'Developer'

The term 'developer' will be used as a portmanteau for designers, programmers, customer service staff, publishers, and owners; in economic terms, this represents the firm that produces the game. The developer sets box prices and subscription fees, creates game rules and content, manages game servers, and collects whatever profit is forthcoming. These roles are very diverse, but in commercial games, all are motivated and coordinated by a common desire for profit.

3.4 'Game goods'

Just as game items are exchanged between players, other game assets can be traded, if less conveniently. These include accounts (and the characters associated with them), in-game real-estate, and even services such as crafting or courier work. The various manifestations of game wealth will be described inclusively as 'game goods'.

3.5 'Asymmetric trade'

Players can exchange game goods within the game context or without it. The term 'endogenous trade' will describe exchanges taking place solely within context — i.e., exchanges involving only game goods, coordinated through in-game meetings, auction channels, or other such facilities.

Exchanges of game goods negotiated outside the game (as on eBay), or involving non-game goods or money will be described as 'exogenous trade'. Two categories of exogenous trade will be recognized: 'symmetric trade' and 'asymmetric trade'.

Symmetric trade is that where balances of game wealth and non-game wealth remain constant for each participant. For example: two players meet outside the game and agree to exchange a suit of armor for some gold. Since these items are theoretically equal in market value, and since no exchange of real-world goods is involved, both game and non-game balances are unchanged, and the trade is symmetric.

Asymmetric trade describes exchanges that alter the distribution of game and non-game wealth. When a game item is auctioned through eBay, the buyer experiences an increase in game wealth and a decrease in non-game wealth; conversely, the seller loses game wealth and gains non-game wealth. Though its venue is certainly not limited to eBay, asymmetric trade is known popularly as 'eBaying'.

3.6 'Fiat sale'

While players toil to create game goods, developers can instantiate them in arbitrary quantities at trivial cost. It should therefore be unsurprising that some game companies have chosen to enter the asymmetric market themselves, creating game assets for direct sale to players. As will be seen, this practice has much in common with a government's ability to print fiat currency; for this reason, it will be called 'fiat sale'. Since balances of game and non-game wealth are changed by fiat sale, this practice can be considered a form of asymmetric trade.

References

Castronova, Edward, 2002. "On Virtual Economies", CESifo Working Paper 752.